

Remarks

In the Office Action mailed June 14, 2005:

1. Claims 1-4, 6, 8, 10-11, 20, 22, 24-25, 39 and 42 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,076,068 (DeLapa), in view of U.S. Patent No. 6,260,024 (Shkedy);
2. Claims 5 and 9 were rejected under 35 U.S.C. § 103(a) as being unpatentable over DeLapa, in view of Shkedy and U.S. Patent No. 5,677,955 (Doggett);
3. Claims 34-38 and 44-47 were apparently rejected under 35 U.S.C. § 103(a) as being unpatentable over DeLapa, in view of Shkedy and Doggett;
4. Claim 7 was rejected under 35 U.S.C. § 103(a) as being unpatentable over DeLapa, in view of Shkedy, Doggett and U.S. Patent No. 6,070,150 (Remington);
5. Claims 12-16, 18-19 and 30-33 were rejected under 35 U.S.C. § 103(a) as being unpatentable over DeLapa, in view of Shkedy and U.S. Patent No. 6,029,151 (Nikander);
6. Claim 41 was rejected under 35 U.S.C. § 103(a) as being unpatentable over DeLapa, in view of Doggett and Nikander;
7. Claim 17 was rejected under 35 U.S.C. § 103(a) as being unpatentable over DeLapa, in view of Shkedy, Nikander and U.S. Patent No. 6,069,896 (Borgstahl);
8. Claims 21, 23, 26-28 and 43 were rejected under 35 U.S.C. § 103(a) as being unpatentable over DeLapa, in view of Shkedy and U.S. Patent No. 5,963,647 (Downing);
9. Claims 26-28 and 40 were rejected under 35 U.S.C. § 103(a) as being unpatentable over DeLapa, in view of Shkedy, Doggett and Downing; and
10. Claim 29 was rejected under 35 U.S.C. § 103(a) as being unpatentable over DeLapa, in view of Shkedy, Downing and Nikander.

I. Nature of Applicants' Invention

Applicants would like to inform the Examiner that the present application is the first non-provisional utility application filed by PayPal, Inc. to describe and claim the operation and configuration of the novel PayPal system (*see* <http://www.paypal.com>). The Examiner's continued cooperation in moving the application forward to allowance is greatly appreciated.

PayPal, Inc, is the successor-in-interest to X.com, the Assignee of the inventors' interests in the present application.

Applicants' Attorney would like to thank the Examiner for the telephone interview conducted August 2, 2005 and invites the Examiner to contact the Attorney at any time, in any manner, to advance the prosecution of the application.

II. DeLapa (U.S. Patent No. 6,076,068)

DeLapa is directed to a coupon delivery system (title). The system is described as being particularly adapted for delivering targeted coupons to a household (column 1, lines 14-21).

The DeLapa system provides includes a coupon database and a household database (column 5, lines 32-34). The coupon database stores coupon offers, while the household database stores household records comprising at least one attribute of a household (column 5, lines 34-38). A kiosk computer receives a user's identification of a household and outputs images of coupons assigned to the household based on an attribute (column 5, lines 41-48).

The Examiner's assertions regarding the obviousness of Applicants' claimed subject matter rely upon DeLapa. However, as described in the following subsections, DeLapa does not actually teach or suggest the subject matter against which it is asserted.

A. DeLapa Does Not Provide a Value Exchange System or Facilitate a Value Exchange Transaction

In claimed embodiments of the present invention (e.g., claim 1), a value exchange system facilitates a value exchange between a first user and a second user. In these embodiments, each user has an account with the value exchange system, the system receives a value exchange transaction from the first user, and the amount of the value exchange is debited from one of the users' accounts and credited to the other.

In DeLapa, a computer system and method are provided to generate coupons to provide discounts for purchases (column 3, lines 18-20). There is no exchange of value. A coupon may provide a household with an opportunity to pay less for a particular purchase, but there is no matching or offsetting value lost or gained by another user of the system.

More specifically, even if a coupon could be considered to represent value, there is no corresponding decrease in value allocated to another system user. The issuance of coupons does not entail any loss of value by the issuer. In fact, DeLapa teaches the opposite, that coupons may

be used to induce purchases that otherwise would not have taken place. Thus, at best, DeLapa's system may be considered to *create* value, in the form of discounts and increased sales, but it does not facilitate the *exchange* of value.

Therefore, one of ordinary skill in the art would not look to DeLapa for a system or method of facilitating value exchange transactions.

B. DeLapa Does Not Receive a Value Exchange Transaction or Request

In claimed embodiments of the present invention (e.g., claim 1), a value exchange system facilitates a value exchange between a first user and a second user. In these embodiments, the value exchange system receives a value exchange transaction from the first user, debits the value from one of the users' accounts and credits it to the other's account.

As described above, DeLapa does not involve an *exchange* of value. Therefore, it follows that DeLapa also does not teach or suggest the receipt of a value exchange transaction at a value exchange system. In particular, DeLapa's system does not receive a value exchange transaction that includes a pre-existing identifier of the second user and a value to be exchanged between users' accounts.

The Examiner equated the receipt of a value exchange transaction to the use of "data" in DeLapa's Fig. 3. There are several references to "data" in Fig. 3; therefore, it is not clear what data the Examiner is comparing to Applicants' value exchange transaction. Regardless of which type of data is compared to receipt of Applicants' value exchange transaction, most, if not all of the data described in Fig. 3, are received from external entities, not a "first user" (the system operator).

For example, file data (item 51) are produced by a host-targeting system, and are "conventionally supplied by the retail establishment or chain" (column 8, lines 64-67). Coupon type definition data (item 59) are apparently generated by the host-targeting system or an enhancement module (column 9, lines 6-10). Coupon offer definition data (item 55) and customer identification data (item 57) are established by the host-targeting system (column 8, lines 38-41).

Further, the Examiner cited item 416 of Fig. 20 ("household name field") with regard to the pre-existing identifier of the second user that must be included in a request for value exchange transaction. This would mean that "offer statement" 408, which includes the

household name field, is considered comparable to Applicants' value exchange transaction. This comparison fails immediately, as the offer statement (which is a coupon) is apparently provided by the coupon generating system (i.e., a kiosk) to a user (column 19, lines 12-32).

Thus, DeLapa's delivery of a coupon to a household user from a coupon kiosk cannot make obvious Applicants' method of receiving a value exchange transaction at a value exchange system.

C. DeLapa Does Not Involve a "First User"

In claimed embodiments of the present invention (e.g., claim 1), a value exchange system facilitates a value exchange between a first user and a second user. In these embodiments, the value exchange system receives a value exchange transaction from the first user, debits the value from one user's account and credits it to the other user's account. As described above, DeLapa does not appear to involve an exchange of value or receive a value exchange transaction.

Further, DeLapa does not even involve a "first user". The Examiner compared DeLapa's system operator with Applicants' first user. This comparison must fail, for the following reasons.

(1) The system operator is *part of* the DeLapa system, and would not be registered with the system to exchange value because he/she does not exchange value with another user. Instead, the system operator apparently imports files from a host-targeting system and activates functions for processing different types of offers (column 11, lines 36-39). In particular, "management computer 14 ... is utilized by a system operator of the retail chain to enter in the system various system parameters" (column 6, line 65 to column 7, line 1).

Further, a "menu selection calling program 44 ... displays on management computer 14 a menu of system management functions which may be selected by the system operator" (column 10, lines 27-29). Thus, the system operator performs various management functions that are listed at column 10, lines 30-56, and described at column 10, line 57 to column 15, line 19. The system operator therefore cannot be deemed a "user" of the DeLapa system or a value exchange system.

(2) Because the system operator is part of the DeLapa system, he/she also would not be "assigned a first account with the value exchange system". Even if the system operator has a computer account allowing him/her to operate the management computer, that type of account

cannot serve as a “first account” that is assigned to the first user and which is debited or credited during the value exchange.

D. DeLapa Does Not Debit or Credit Value from/to User Accounts

In claimed embodiments of the present invention (e.g., claim 1), a value exchange system facilitates a value exchange between a first user and a second user. In these embodiments, the value exchange system receives a value exchange transaction from the first user, debits the value from one user’s account and credits it to the other’s account. As described above, DeLapa does not appear to involve an exchange of value or receive a value exchange transaction, and does not involve a comparable “first user.”

Because DeLapa does not exchange value, it also cannot debit or credit value from or to user accounts. Even if the system operator (compared to Applicants’ “first user”) could be considered to have an account with the coupon-generating system, no value is debited from or credited to such an account or an account of a second user (e.g., a household).

More importantly, the Examiner cited “coupon redemption” as teaching Applicants’ allocation of value. However, redemption of a coupon does not involve a debit or a credit from or to a first account of a first user (the system operator) or a second account of a second user (a household).

Thus, one of ordinary skill in the art would not look to DeLapa for a system or method for exchanging value between user accounts.

E. DeLapa Does Not Debit or Credit Value Before Notifying the Second User

In claimed embodiments of the present invention (e.g., claim 1), value is debited and credited from and to accounts of a first and second user prior to notifying the second user of the transaction.

Even if DeLapa *could* be interpreted as involving a credit or a debit, such action is taken after the second user (a household) receives a coupon and is notified of the coupon offer. In particular, the second user identifies his/her household at a kiosk and receives coupon offers, which he or she can reject (e.g., column 3, lines 49-52; column 4, lines 45-51; column 12, lines 29-33). The Examiner compared Applicant’s transfer of value to coupon redemption in DeLapa, but coupons cannot be redeemed until *after* they are received.

F. DeLapa Does Not Transfer Value on the Basis of a Preexisting Identifier

In claimed embodiments of the present invention (e.g., claim 1), value is debited or credited to the second user's account on the basis of a preexisting identifier of the second user, which is provided by the first user as part of a request for a value exchange transaction.

In DeLapa, a coupon is assigned to a household based on "an attribute" of the household (column 4, lines 9-12; column 4, lines 47-49). The preferred attribute used for this purpose is identified as "the decile of accumulative purchases by the household" (column 8, lines 53-55). However, the Examiner compared Applicants' preexisting identifier to DeLapa's household name field (FIG. 20, item 416). The name of a household does not appear to be contemplated as an attribute to be used to assign coupons to households.

III. Selected Claims

A. Claims 1, 39 and 48

As described above in Section II, DeLapa does not provide a value exchange system, does not receive a value exchange transaction, does not register or assign an account to a first user, does not debit or credit users' accounts within a value exchange system, does not transfer value before notifying a second user and does not transfer value on the basis of a preexisting identifier.

Fundamentally, a coupon in DeLapa cannot be compared to a value exchange transaction, because a coupon is provided to a user, from a kiosk of the coupon generating system. Claims 1 and 39 were amended to specifically indicate that a transfer of value between two users in this embodiment of the invention is performed by debiting one user's account and crediting the other user's account. Independent claim 48 was added, and reflects the subject matter of claim 1. Claims 5-9 were cancelled without prejudice.

Claims 1-4, 10-25, 39, 45-47 and 48 are believed to be in condition for allowance, and such action is requested. Otherwise, the Examiner is requested to target his rejections of the claims with greater precision, particularly with regard to how DeLapa is believed to teach or suggest the following claim elements:

receiving at the value exchange system a value exchange transaction; and
prior to said electronically sending, debiting said value from one of

said first account and a second account associated with the second user, and crediting said value to the other of said first account and said second account.

B. Claims 26, 40

As described above in Section II, DeLapa does not provide a value exchange system (or distributed transaction system), does not receive an instruction to perform a value exchange, does not credit or debit value from/to users' accounts within a value exchange system (or distributed transaction system) and does not exchange value on the basis of a preexisting identifier.

Fundamentally, a coupon in DeLapa cannot be compared to a value exchange within a distributed transaction system, because a coupon is provided to a user, from a kiosk of the coupon generating system. Claims 26 and 40 were amended to make it clearer that, in this embodiment of the invention, a value exchange between two users involves a debit to one user's account and a credit to the other user's account.

Claims 26-29 and 40 are believed to be in condition for allowance, and such action is requested. Otherwise, the Examiner is requested to target his rejections of the claims with greater precision, particularly with regard to how DeLapa is believed to teach or suggest the following claim elements:

- receiving an instruction from a first user to exchange a value with a second user;
- debiting said value from an account of one of the first user and the second user; and
- crediting said value to an account of the other of the first user and the second user.

C. Claims 30, 41

As described above in Section II, DeLapa does not provide a value exchange system (or distributed financial services system), does not receive a value exchange transaction (or financial exchange request), does not register or assign an account to a first user, does not debit and credit users' accounts within a value exchange system (or distributed financial services system) and does not transfer value on the basis of a preexisting identifier.

Fundamentally, a coupon in DeLapa cannot be compared to a financial exchange or request, because a coupon is provided to a user, from a kiosk of the coupon generating system. Claims 30 and 41 were amended to make it clearer that, in this embodiment of the invention, a

financial transaction between two users involves a debit to one user's account and a credit to the other user's account.

Claims 30-33 and 41 are believed to be in condition for allowance, and such action is requested. Otherwise, the Examiner is requested to target his rejections of the claims with greater precision, particularly with regard to how DeLapa is believed to teach or suggest the following claim elements:

- receiving at the distributed financial services system a financial exchange request ...;
- debiting said amount from an account of either the first user or the second user; and
- crediting said amount to an account of the other of the first user and the second user.

D. Claim 34

Claim 34 recites a synchronization server configured to receive a value exchange transaction from a first party. As described above in Section II, DeLapa does not receive a value exchange transaction from a first user.

Further, DeLapa does not appear to track what coupons were awarded to households in the past; therefore, DeLapa does not include a database configured to store "details of transactions conducted" by registered users. Claim 34 was amended to make it clearer that, in this embodiment of the invention, a value exchange between two users involves a debit to one user's account and a credit to the other user's account.

Claims 34-37 are believed to be in condition for allowance, and such action is requested. Otherwise, the Examiner is requested to target his rejections of the claims with greater precision, particularly with regard to how DeLapa is believed to teach or suggest the following claim elements:

- a database configured to store ... details of transactions conducted by the registered users;
- a synchronization server configured to receive a first value exchange transaction from a client device operated by a first party....
- a first value exchange account associated with the first party; and
- a second value exchange account associated with the second party.

Applicants were unable to refute the rejection of claim 34 with greater detail, as no portion(s) of DeLapa were cited against the elements of claim 34.

E. Claim 42

As described above in Section II, DeLapa does not receive a value exchange transaction or a “value transfer request” from a first user, does not debit and credit value from/to users’ accounts within a value exchange system and does not transfer value before notifying the value receiver.

Claim 42 was amended to make it clearer that, in this embodiment of the invention, a value transfer between two users involves a debit to one user’s account and a credit to the other user’s account.

Claim 42 is believed to be in condition for allowance, and such action is requested. Otherwise, the Examiner is requested to target his rejections of the claim with greater precision, particularly with regard to how DeLapa is believed to teach or suggest the following claim elements:

means for receiving a value transfer request from a value provider
...;
means for debiting said first value from a first account associated with the value provider and crediting a second account associated with the value receiver; and
means for notifying the value receiver of said value transfer only after said first value is debited from the first account and credited to the second account.

F. Claim 43

As described above in Section II, DeLapa does not provide a value exchange (or transfer) system, does not receive a value exchange transaction request, does not debit or credit users’ accounts within a value exchange system, does not transfer value before notifying the second user and does not transfer value on the basis of a preexisting identifier.

Fundamentally, a coupon in DeLapa cannot be compared to a value exchange transaction, because a coupon is provided to a user, from a kiosk of the coupon generating system. Claim 43 was amended to make it clearer that, in this embodiment of the invention, a value transfer between two users involves a debit to one user’s account and a credit to the other user’s account.

In addition, it appears that all households that receive coupons in DeLapa must be known to (or registered with) the coupon-generating system before they can receive targeted or triggered

coupons. Therefore, a “registered user” in DeLapa *cannot* send a value transfer request for transferring value to a party that does not already have an account, as required in claim 43.

Claim 43 is believed to be in condition for allowance, and such action is requested. Otherwise, the Examiner is requested to target his rejections of the claim with greater precision, particularly with regard to how DeLapa is believed to teach or suggest the following claim elements:

- receiving from the registered user a request to execute a transfer of value to another party ...;
- at the value transfer system, transferring said first value from the registered user to the other party by debiting the first account by said first value and crediting the second account by said first value; and
- only after said first value is transferred, sending notification of said transfer from said value transfer system to the other party

G. Claim 44

As described above in Section II, DeLapa does not provide a value exchange (or transfer) system, does not receive a request to execute a value transfer, does not debit and credit value from/to users’ accounts within a value exchange (or transfer) system, and does not transfer value before notifying a second user.

Fundamentally, a coupon in DeLapa cannot be compared to a value exchange transaction, because a coupon is provided to a user, from a kiosk of the coupon generating system. Claim 44 was amended to make it clearer that, in this embodiment of the invention, a value transfer between two users involves a debit to one user’s account and a credit to the other user’s account.

Claim 44 is believed to be in condition for allowance, and such action is requested. Otherwise, the Examiner is requested to target his rejections of the claim with greater precision, particularly with regard to how DeLapa is believed to teach or suggest the following claim elements:

- receiving from the first user a request to execute a value transfer to a second user ...;
- debiting said first value from an account of the first user;
- crediting said first value to an account of the second user;
- only after said debiting and crediting, sending a notification of said value transfer from said value transfer system to the second user ...; and
- wherein the second user is not informed of said value transfer until the second user receives said notification.

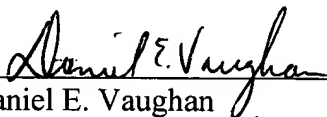
CONCLUSION

It is submitted that the application is in suitable condition for allowance. Such action is respectfully requested. If prosecution of this application may be facilitated through a telephone interview, the Examiner is invited to contact Applicant's attorney identified below.

Respectfully submitted,

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